

Message Text

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TAGS: EGEN, PN

SUBJ: DRAFT LAW TO ESTABLISH GOVERNMENT AGENCY TO PURCHASE MEDICAL SUPPLIES UNDER STUDY

1. PANAMA AMERICA, A SPANISH LANGUAGE GOVERNMENT-CONTROLLED NEWSPAPER HAS PUBLISHED THE TEXT OF DRAFT LEGISLATION WHICH WOULD CREATE AN AUTONOMOUS GOVERNMENT AGENCY TO BE CALLED CENTRAL INSTITUTE OF MEDICINES. THE PURPOSE OF THIS AGENCY WOULD BE TO SUPPLY MEDICINES, AND MEDICAL, SURGICAL AND DENTAL SUPPLIES AND EQUIPMENT TO STATE CLINICS, HOSPITALS AND THEIR RESPECTIVE PHARMACIES AND HEALTH CENTERS. THE INSTITUTE WOULD ALSO BE RESPONSIBLE FOR PREPARATION OF MATERIALS FOR MEDICAL USE AND RE-PACKAGING AND MANUFACTURE OF MEDICINES. THE INSTITUTE WOULD CHARGE FOR MEDICAL PRODUCTS SUPPLIED TO THE VARIOUS GOVERNMENT ENTITIES AT A RATE OF COST PLUS 10 PERCENT TO COVER ADMINISTRATIVE AND HANDLING CHARGES.

2. A SERIES OF EDITORIAL ARTICLES IN THE SAME NEWSPAPER HAS POINTED OUT THE ADVANTAGES OF CREATING THE ABOVE AGENCY WHICH COULD SEEK THE MOST ADVANTAGEOUS PRICES THROUGH PURCHASE LOCALLY OR ABROAD. THE EDITORIAL SUGGESTED THAT LOCAL DISTRIBUTORS OF IMPORTED DRUGS OPERATE ON A GROSS MARGIN ABOVE COST AVERAGING ABOUT 35 PERCENT WHEREAS A GOVERNMENT IMPORTING AGENCY COULD RECEIVE A 10 PERCENT DISCOUNT FROM FOREIGN SUPPLIERS.

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WHILE INSISTING THAT THE NEW LAW WOULD NOT BE DISIGNED

TO "SUFFOCATE" PANAMANIAN DISTRIBUTORS, THE EDITORIAL WRITER NOTES THAT THE PEOPLE OF PANAMA HAVE ALWAYS ASSOCIATED THE DRUG BUSINESS WITH THE MAFIA. THE EDITORIAL SUGGESTS THAT SUCH A STATE ENTITY WOULD NOT BE SUBJECT TO THE DISADVANTAGES RESULTING FROM PRESSURE EXERTED BY EXCLUSIVE SUPPLIERS OR THE COLLUSION OF DISTRIBUTURORS WHO FIX PRICES.

3. PANAMANIAN OFFICIALS CLAIM TO HAVE BORROWED THE IDEA FROM THE PRACTICE OF THE U.S. GOVERNMENT IN THE CANAL ZONE WHERE ALL MEDICINES ARE BOUGHT AND SOLD BY GORGAS HOSPITAL WHICH IS RUN BY THE PANAMA CANAL COMPANY.

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